

# MONTHLY REVIEW

## BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

July 31, 1939

**District Summary** *Distribution of merchandise through reporting department stores and wholesale firms declined less in June than they usually do.*

*Building permits at reporting cities, and contracts awarded for construction other than residential, increased further in June. Pig iron production increased, following a four-month decline, and steel mill activity has recently risen to the highest level of the year. Business failures dropped sharply in June.*

*The changes in this District from May to June in department store sales, in cotton consumption, and in "All Other" contracts awarded were more favorable than for the country as a whole, but total construction contracts and residential awards declined more in the District than in the 37 Eastern States, and the District increase in pig iron production was smaller than that for the United States.*

*Comparing June this year with June 1938, all of these figures show gains for the District larger than for the United States as a whole with the exception of pig iron output. In May electric power production in this District was 21.3 per cent larger than a year earlier, while the increase for the country was 13.5 per cent.*

**Trade** June trade in the Sixth District, reflected in department store sales and distribution by wholesale firms, turned out better than was to be expected on the basis of past performance. Business failures, in both number and liabilities, declined sharply in June.

Department store sales declined in June, as they usually do. The decrease, however, was less than seasonal, and the index of daily average sales, after seasonal adjustment, rose 2.6 per cent from May, was 14.5 per cent above the index for June last year, and is the highest for June of any year in the series which began with 1919. June sales reported to the United States Department of Commerce by 147 wholesale

firms in this District dropped 4.9 per cent from May, a decline slightly less than usually occurs, and were 3.0 per cent larger than in June 1938.

▶ Department store inventories declined slightly more than usual in June and were 1.5 per cent larger in dollar value than a year earlier, and stocks at 67 wholesale firms were down 3.0 per cent from May and were 1.9 per cent smaller than for June 1938.

▶ The collection ratio for department stores showed a slight decline in June, while that for wholesale firms rose two points.

**Banking** Another all-time high-level of demand deposits—adjusted at 22 weekly reporting member banks in the Sixth District was reached on the last Wednesday in June. Total loans and investments at these banks, although 53.2 millions of dollars greater on July 12 than they were a year earlier, have recently declined, principally because of a reduction in investments. Total loans by these banks to their customers increased from about 281 millions of dollars in June and July of last year to 318 millions in late December; in February and March they averaged 306 millions, and in April, May and June 308 millions. On July 12 total loans were 30.1 millions greater than on the corresponding Wednesday last year, by far the larger part of the increase being in loans for commercial, industrial and agricultural purposes. Real estate loans and "All Other" loans also were larger, but loans to banks and security loans were less.

▶ Total investments held by these banks on July 12 were less than the average for any month since October. The decline is due to a reduction in holdings of United States direct obligations from totals averaging 158 millions in October and November, and 164 millions in December, to 140.4 millions. Holdings of securities guaranteed by the United States have risen from an average of 42.3 millions in the latter half of 1938 to 58 millions, and holdings of Other Securities have also risen but the increase has been smaller.

▶ Demand deposits—adjusted at these banks rose to successive all-time peaks on June 14 and June 28 and have since declined about 5.9 millions, and on July 12 were 44.5 millions greater than at that time last year. Deposits of correspondent banks have in most recent weeks been somewhat

### CONDITION OF 22 MEMBER BANKS IN SELECTED CITIES (In Thousands of Dollars)

	July 12, 1939		Change From:	
	June 14, 1939	July 13, 1938	June 14, 1939	July 13, 1938
Loans and Investments—Total.....	\$595,436	+ 53,159	- 6,917	+ 53,159
Loans—Total.....	307,459	+ 30,078	- 717	+ 30,078
Commercial, industrial and agricultural loans.....	177,242	+ 27,522	- 1,979	+ 27,522
Open market paper.....	2,953	+ 76	+ 63	- 76
Loans to brokers and dealers in securities.....	7,283	+ 1,127	+ 389	+ 1,127
Other loans for purchasing or carrying securities.....	11,890	- 3,032	- 522	- 3,032
Real estate loans.....	30,727	+ 4,288	+ 288	+ 4,288
Loans to banks.....	1,132	- 3,009	+ 176	- 3,009
Other loans.....	76,232	+ 3,278	+ 868	+ 3,278
Investments—Total.....	287,977	+ 23,081	- 6,200	+ 23,081
U. S. direct obligations.....	140,386	- 3,849	+ 5,596	- 3,849
Obligations guaranteed by U. S. Other securities.....	58,052	+ 16,584	+ 744	+ 16,584
Reserve with F. R. Bank.....	89,539	+ 10,146	- 1,348	+ 10,146
Cash in vault.....	111,786	+ 13,486	+ 3,208	+ 13,486
Balances with domestic banks.....	13,132	+ 44,201	+ 118	+ 44,201
Demand deposits—adjusted.....	179,054	+ 44,466	+ 136	+ 44,466
Time deposits.....	373,436	+ 857	- 5,851	+ 857
U. S. Government deposits.....	185,022	+ 16,903	+ 385	+ 16,903
Deposits of domestic banks.....	40,045	- 52,124	+ 31	- 52,124
Borrowings.....	245,968	- 127	- 6,094	- 127

### CONDITION OF FEDERAL RESERVE BANK OF ATLANTA (In Thousands of Dollars)

	July 12, 1939		Change From:	
	June 14, 1939	July 13, 1938	June 14, 1939	July 13, 1938
Bills discounted.....	\$ 121	+ 16	-	- 674
Bills bought.....	19	-	+ 13	+ 652
Industrial advances.....	769	- 9,512	-	- 4,286
United States securities.....	106,910	+ 9,510	-	- 4,308
Total bills and securities.....	107,819	+ 9,843	-	+ 55,273
Total cash reserves.....	305,091	+ 4,859	+ 9,843	+ 12,121
F. R. Note circulation.....	152,620	+ 4,638	+ 4,859	+ 20,346
Member bank reserve accounts.....	185,127	+ 3,678	+ 4,638	+ 10,692
U. S. Treasurer general account.....	51,760	- 5,809	+ 3,678	+ 38,942
Total deposits.....	253,586	-	- 5,809	-
Commitments to make industrial advances.....	140	- 10	-	- 43

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	June		May		Per Cent Change	
	1939	1938	1939	1938	June 1939 From May 1939	June 1939 From June 1938
<b>ALABAMA—</b>						
Birmingham.....\$	80,798	\$ 83,933	\$ 71,479	— 3.7	+13.0	
Dothan.....	2,685	3,012	2,399	—10.8	+11.9	
Mobile.....	34,220	37,092	33,511	— 7.8	+ 2.1	
Montgomery.....	20,983	25,145	18,813	—16.6	+11.5	
<b>FLORIDA—</b>						
Jacksonville.....	74,298	77,575	67,180	— 4.2	+10.6	
Miami.....	40,698	44,279	33,362	— 8.1	+22.0	
Pensacola.....	8,758	8,587	7,737	+ 2.0	+13.2	
Tampa.....	26,762	27,974	24,820	— 4.3	+ 7.8	
<b>GEORGIA—</b>						
Albany.....	4,251	4,387	3,725	— 3.1	+14.1	
Atlanta.....	202,056	201,031	176,262	+ 0.5	+14.6	
Augusta.....	17,942	17,817	14,967	+ 0.7	+19.9	
Brunswick.....	2,422	2,918	2,326	—17.0	+ 4.1	
Columbus.....	13,879	13,714	11,595	+ 1.2	+19.7	
Elberton.....	1,004	1,100	976	— 8.7	+ 2.9	
Macon.....	14,714	14,091	12,194	+ 4.4	+20.7	
Newnan.....	1,646	1,886	1,353	—12.7	+21.7	
Savannah.....	27,335	28,550	27,582	— 4.3	— 0.9	
Valdosta.....	3,432	4,260	3,014	—19.4	+13.9	
<b>LOUISIANA—</b>						
New Orleans.....	219,872	200,499	191,925	+ 9.7	+14.6	
<b>MISSISSIPPI—</b>						
Hattiesburg.....	4,417	4,554	3,584	— 3.0	+23.2	
Jackson.....	22,547	24,764	23,042	— 9.0	— 2.2	
Meridian.....	10,459	10,240	8,288	+ 2.1	+26.2	
Vicksburg.....	5,996	6,277	6,166	— 4.5	— 2.8	
<b>TENNESSEE—</b>						
Chattanooga.....	44,991	39,337	40,966	+14.4	+ 9.8	
Knoxville.....	28,192	26,323	25,975	+ 7.1	+ 8.5	
Nashville.....	80,421	80,368	76,039	+ 0.1	+ 5.8	
<b>SIXTH DISTRICT</b>						
26 Cities.....	994,778	989,713	889,280	+ 0.5	+11.9	
<b>UNITED STATES—</b>						
141 Cities.....	\$33,987,920	\$31,928,463	\$32,797,023	+ 6.5	+ 3.6	

less than the averages since February, but are still about 52 millions greater than a year ago.

▶ At the Federal Reserve Bank of Atlanta total cash reserves have increased in recent weeks to the highest level on record, at 305 millions of dollars, on July 12. This resulted largely from a reduction of about 9.5 millions in the bank's holdings of United States securities in July. Federal Reserve note circulation has recently increased, and total deposits have declined. Discounts have increased slightly, but continue in small volume.

▶ Reserve deposits of all member banks in the District, on the basis of latest available figures, were on July 12 about 43 millions of dollars, or 30.5 per cent, in excess of legal requirements.

▶ Check transactions at 26 cities in the District increased 0.5 per cent from May to June, and were 11.9 per cent greater than in June last year, which compares with a gain of 3.6 per cent for the country.

**Agriculture** Farm income in the six states of this District declined 8.8 per cent from April to May but was one-third larger than in May 1938. The decline from April was largely due to a reduction in receipts from citrus fruits in Florida and a decrease in Louisiana, and to reduced Government payments. May income from crops was about the same as it was a year ago, that from livestock 6.7 per cent larger, and Government payments were nearly four times as large.

▶ On July 1 there were, according to the report of the United States Department of Agriculture, 8,804,000 acres of land in the six states of this District in cultivation to cotton.

This is an increase of a little less than one per cent over the cotton acreage a year earlier, and 3.2 per cent larger than the area harvested last year.

▶ The July 1 estimates of citrus fruit production in Florida from the bloom of 1938 have been increased to 33.4 million boxes of oranges and 22.5 million boxes of grapefruit, larger by 25.0 per cent and 54.0 per cent, respectively, than the previous crop. The Georgia peach crop is apparently 15.0 per cent smaller than in 1938 and that in Florida less than half as large, but other states of the District have larger crops and that in Tennessee is expected to be two and one-third times that of last year. July estimates indicate increased production of tobacco, sweet potatoes, grapes, of rye in Georgia and Tennessee and of barley in Tennessee, but reductions in wheat, corn, hay, potatoes, pears, in rice in Louisiana and in sugar cane in Louisiana and Florida.

**Industry** In June there were further gains in the value of building permits issued at reporting cities in the District and in contracts awarded for construction other than residential. Pig iron production increased and steel mill activity and coal output rose sharply. Textile operations were at about the same rate as in May.

▶ Residential contracts awarded in June declined 29.9 per cent from May, which had the largest total for any month in thirteen years, but building permits increased further by 16.0 per cent and were the largest in more than ten years. Other awards were up 10.9 per cent further in June. Total awards were down 10.1 per cent from May, but were 46.5 per cent larger than in June last year. In the January-June period total awards were 58.1 per cent greater than in that part of last year, and building permits were 41.4 per cent larger. In the 37 Eastern States contract awards were 31.3 per cent larger than in the first half of 1938.

▶ The rate of cotton consumption in Alabama, Georgia and Tennessee declined only 0.5 per cent from May to June and was 40.7 per cent higher than it was in June 1938.

▶ Following a rise from 43.5 per cent of capacity in early May to 55.5 per cent at the middle of June, the rate of steel mill activity in the Birmingham area was at 70.0 per cent in the latter half of June, dropped to 60.0 per cent in the holiday week, and rose to 75.0 per cent in the two weeks ending July 22, the highest of the year. This compares with the national average of 56.5 per cent for the week ending July 22, which is also the highest of the year. After declining each month since January, the rate of pig iron production in Alabama increased 15.6 per cent in June, and in the first half year was 50.5 per cent greater than in that part of 1938. In the country as a whole, June production rose 28.0 per cent over May. Coal mining was resumed at the middle of May and output in June in Alabama and Tennessee was well above the corresponding period last year.

▶ The rate of electric power production in this District increased 2.1 per cent in May, against an increase of 0.7 per cent for the country as a whole. In comparison with May last year Sixth District output was 21.3 per cent larger, and the national average gained 13.5 per cent. For the five months, production in this District has been 20.6 per cent larger than in that part of 1938, and in the country it has been 11.2 per cent larger.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		STOCKS COLLEC-TION		RATIO
	June 1939 Compared with May 1939	Jan.-June Incl. Compared with Year Ago	June 1939 Compared with June 1938	June 1939 Compared with June 1938	
<b>RETAIL TRADE</b>					
Atlanta	+17.4	+13.6	+11.5	25.4	
Birmingham	+8.4	+22.5	+10.1	32.8	
Chattanooga	+1.2	+17.3	+9.9	...	
Montgomery	+15.3	+26.6	+11.0	22.5	
Nashville	+20.6	+7.9	+7.9	+3.2	29.4
New Orleans	+4.9	+7.9	+4.3	+3.1	31.9
Others	+20.7	+17.6	+7.2	+3.4	33.5
DISTRICT (46 Firms)	+13.9	+14.3	+8.1	+1.5	30.1
<b>WHOLESALE TRADE</b>					
Groceries	-3.2	-4.1	-2.3	-4.7	80.4
Dry Goods	-13.2	+18.2	+8.4	+1.2	37.1
Hardware	-1.0	+13.2	+17.3	+3.9	52.2
Electrical Goods	-1.0	+24.7	+15.3	-5.9	75.0
Drugs	-6.5	+8.0	+13.7	...	56.2
Shoes	-41.4	-38.7	-7.0	...	31.1
TOTAL	-4.9	+3.0	+7.2	-1.9	59.9

(000 OMITTED)

COMMERCIAL FAILURES—	June 1939	May 1939	June 1938	Jan.-June, Incl. 1939	June 1938
DISTRICT	1939	1939	1938	1939	1938
Number	38	62	38	357	326
Liabilities	\$ 482	\$ 715	\$ 633	\$ 4,313	\$ 4,125

CONTRACTS AWARDED—

DISTRICT	June 1939	May 1939	June 1938	Jan.-June, Incl. 1939	June 1938
Residential	10,746	15,321	7,348	59,483	36,635
All Others	15,982	14,410	10,891	86,685	55,843
Alabama	4,295	4,903	1,724	21,067	11,372
Florida	7,781	7,579	5,804	42,429	28,439
Georgia	6,608	4,349	3,572	31,543	18,240
Louisiana	4,928	9,863	2,899	35,478	20,145
Mississippi	2,162	4,253	2,045	19,196	10,510
Tennessee	5,745	5,154	5,035	24,316	21,597

BUILDING PERMITS—

20 CITIES	June 1939	May 1939	June 1938	Jan.-June, Incl. 1939	June 1938
Atlanta	592	334	342	2,520	1,854
Birmingham	286	480	362	1,757	1,477
Jacksonville	773	720	582	3,873	5,717
Nashville	564	251	77	2,441	755
New Orleans	627	779	469	2,929	2,568
15 Other Cities	6,920	5,849	3,206	25,540	15,246

PIG IRON PRODUCTION—Tons

Alabama	176	157	96	1,231	819
---------	-----	-----	----	-------	-----

COAL PRODUCTION—Tons

Alabama	1,007	317	635	4,972	5,128
Tennessee	377	237	302	2,165	1,967

(000 OMITTED)

COTTON CONSUMPTION—	June 1939	May 1939	June 1938	Aug.-June, Incl. 1938-39	1937-38
<b>Bales</b>					
Alabama	62	65	41	670	544
Georgia	116	120	83	1,254	1,002
Tennessee	15	16	13	160	142
TOTAL THREE STATES	193	201	137	2,084	1,688

COTTON SEED CRUSHED—

Tons*	55	107	67	1,533	2,266
-------	----	-----	----	-------	-------

FERTILIZER TAG SALES—Tons

TOTAL SIX STATES	35	171	61	1,509	2,362
------------------	----	-----	----	-------	-------

\*Georgia, Alabama, Louisiana, and Mississippi.

(000 Omitted)

FARM INCOME*—Six States	May 1939	April 1939	May 1938	Jan.-May, Incl. 1939	May 1938
Alabama	\$ 51,537	\$ 56,534	\$ 38,722	\$246,511	\$244,673
Florida	9,560	8,016	4,993	30,882	30,593
Georgia	11,807	15,403	9,762	64,234	63,510
Louisiana	6,384	8,213	4,751	30,450	25,969
Mississippi	8,689	8,410	5,669	30,506	31,373
Tennessee	5,111	7,696	5,169	43,205	41,003
TOTAL SIX STATES	10,016	8,796	8,378	47,234	52,225

ELECTRIC POWER

PRODUCTION—kw hours	May 1939	April 1939	May 1938	Jan.-May, Incl. 1939	May 1938
Alabama	301,759	283,478	255,762	1,412,611	1,198,846
Florida	87,181	88,744	77,656	465,739	432,863
Georgia	151,767	136,196	110,353	703,526	585,585
Louisiana	155,543	138,453	137,708	696,840	597,625
Mississippi	4,693	4,684	5,974	23,493	30,619
Tennessee	146,011	152,847	110,873	814,693	568,086
TOTAL SIX STATES	846,954	802,402	698,326	4,116,902	3,413,624
By Water Power	525,628	531,983	414,500	2,552,714	1,875,064
By Fuels	321,326	270,419	283,826	1,564,188	1,538,540

\*Includes Government payments.

SIXTH DISTRICT BUSINESS INDEXES  
(1923-1925=100 except as noted)

RETAIL SALES*—Unadjusted	June 1939	May 1939	June 1938
DISTRICT (27 Firms)	107.5	117.6	93.9
Atlanta	183.2	216.3	160.6
Birmingham	103.1	105.4	83.9
Chattanooga	89.4	87.1	76.2
Nashville	96.8	117.4	78.3
New Orleans	92.6	93.8	85.9

RETAIL SALES\*—Adjusted

DISTRICT (27 Firms)	119.4	116.4	104.3
Atlanta	210.6	206.0	184.6
Birmingham	110.9	105.9	90.2
Chattanooga	80.5	84.6	68.6
Nashville	105.2	105.8	85.1
New Orleans	104.0	96.7	96.5

RETAIL STOCKS—Unadjusted

DISTRICT (24 Firms)	65.1	70.5	63.7
Atlanta	113.3	116.7	98.4
Birmingham	64.9	71.5	65.9
Chattanooga	56.8	62.1	56.5
Nashville	49.4	52.9	46.8
New Orleans	54.7	60.4	56.5

RETAIL STOCKS—Adjusted

DISTRICT (24 Firms)	68.5	69.1	67.1
Atlanta	118.0	115.5	102.5
Birmingham	65.6	70.1	66.6
Chattanooga	59.2	60.9	58.9
Nashville	50.9	52.4	48.2
New Orleans	58.2	59.8	60.1

WHOLESALE SALES—Total

Total	64.1	67.4	66.2
Groceries	50.4	52.1	51.1
Dry Goods	46.4	53.4	41.4
Hardware	89.9	90.8	73.2
Furniture	...	...	71.8
Drugs	92.0	98.4	99.9

CONTRACTS AWARDED—DISTRICT

DISTRICT	76.2	84.7	52.0
Residential	78.6	109.2	52.4
All Others	75.9	68.4	51.7
Alabama	93.9	107.2	37.7
Florida	53.6	52.3	40.0
Georgia	99.1	65.3	53.6
Louisiana	78.4	156.8	46.1
Mississippi	112.1	220.6	106.1
Tennessee	103.6	93.0	90.8

BUILDING PERMITS—20 Cities

20 Cities	86.8	74.8	44.8
Atlanta	38.3	21.6	22.1
Birmingham	19.3	32.4	24.4
Jacksonville	93.9	87.5	70.8
Nashville	88.9	39.5	12.1
New Orleans	48.7	60.5	36.4
15 Other Cities	126.3	106.8	58.5

PIG IRON PRODUCTION—ALABAMA\*

ALABAMA*	76.9	66.5	40.5
----------	------	------	------

COTTON CONSUMPTION—3 STATES

3 STATES	156.4	157.2	111.1
Alabama	177.2	180.2	117.7
Georgia	147.8	147.8	105.7
Tennessee	151.0	151.0	131.1

EMPLOYMENT (Av. for 1932=100)

Alabama	125.8	121.1	119.5
Florida	101.7	106.5	96.3
Georgia	137.5	138.9	127.9
Louisiana	126.4	126.0	116.1
Mississippi	100.2	103.3	93.9
Tennessee	129.0	127.7	116.5
SIX STATES	126.8	126.7	117.6

PAYROLLS (Av. for 1932=100)

Alabama	186.9	182.7	163.2
Florida	84.8	88.2	76.1
Georgia	177.2	176.1	153.7
Louisiana	146.6	143.4	145.0
Mississippi	124.2	126.0	116.8
Tennessee	163.0	160.9	138.5
SIX STATES	163.6	162.5	144.9

ELECTRIC POWER PRODUCTION\*

	May 1939	April 1939	May 1938
Alabama	377.7	366.7	320.1
Florida	428.7	450.9	381.9
Georgia	252.6	234.3	183.7
Louisiana	584.2	529.5	517.1
Mississippi	72.2	74.6	92.3
Tennessee	232.7	251.7	176.7
SIX STATES	330.6	323.7	272.6
By Water Power	390.4	408.3	307.9
By Fuels	264.4	229.9	233.6

\*Indexes of retail sales, electric power and pig iron production, and of cotton consumption are on a daily average basis.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

Prepared by the Board of Governors of the Federal Reserve System

**O**UTPUT of factories and mines increased in June reflecting chiefly sharp expansion at steel mills and bituminous coal mines. In the first half of July industrial activity was generally maintained.

### Production

The Board's seasonally adjusted index of industrial production advanced to 97.0 in June as compared with 92.0 in April and May.

At steel mills output increased from a rate of 45.0 per cent of capacity in the third week of May to 54.0 at the end of June and to 56.0 in the third week of July.

Automobile production, which had declined in May, showed some increase in June when a decline is customary. In the first three weeks of July automobile output was at a lower rate, reflecting in part curtailment preparatory to the changeover to new models. Plate glass production rose considerably in June. Output of lumber, which usually shows some increase over May, was unchanged. Among nondurable goods industries, woolen mills showed increased activity in June, and activity at cotton and silk mills was maintained, though declines are usual at this season. Meatpacking was lower than in May.

Mineral production increased considerably in June, reflecting a sharp rise in output at bituminous coal mines which had been closed during April and the first half of May. Production of anthracite declined from May to June and there was some reduction in output of petroleum.

Value of construction contracts awarded declined in June, according to F. W. Dodge Corporation figures, reflecting chiefly a greater than seasonal decrease in private residential building. Contracts awarded for public residential construction, principally for United States Housing Authority projects, were maintained at the advanced level reached in May, while public construction other than residential showed a small decline.

### Employment

Factory employment and payrolls increased somewhat from the middle of May to the middle of June according to reports from a number of important industrial states. There was a sharp expansion in employment at bituminous coal mines following the reopening of the mines in the middle of May, and the number employed on the railroads increased more than seasonally from May to June.

### Distribution

Department store sales showed a less than seasonal decline from May to June and the Board's adjusted index advanced from 85 to 86, which compares with a level of 88 during the first four months of the year. Sales at variety stores and by mail order houses showed little change.

Freight-car loadings increased more than seasonally in June reflecting a sharp rise in shipments of coal and smaller increases in shipments of grain and miscellaneous freight.

### Commodity Prices

Prices of hides, silk, steel scrap, copper, and some other industrial materials advanced from the middle of June to the third week of July, while some farm products, particularly grains, declined. Prices of most other commodities showed little change.

### Agriculture

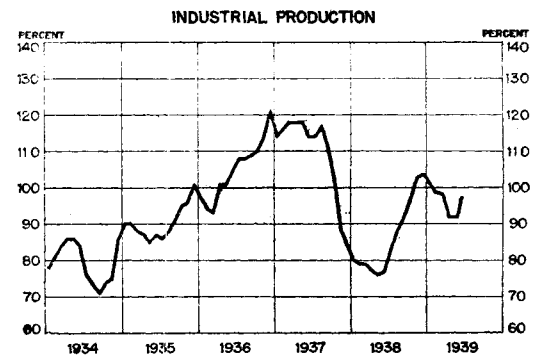
A total wheat crop of 716,655,000 bushels was indicated on the basis of July 1 conditions, according to the Department of Agriculture. This would be much smaller than last year's large crop and somewhat below the 1928-1937 average. Cotton acreage in cultivation was estimated to be about the same as last year but one-third less than the 10-year average. A record tobacco crop is indicated. Most other major crops are expected to approximate last year's harvests and are generally larger than average.

### Bank Credit

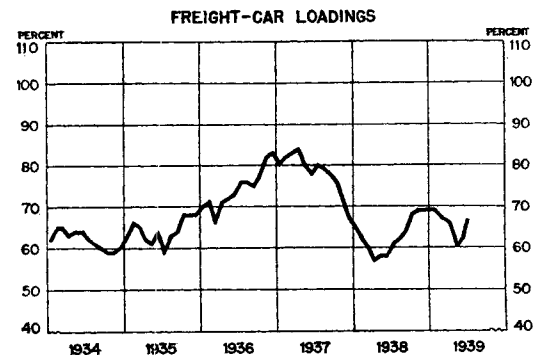
Total loans and investments of member banks in 101 leading cities continued to increase during the four weeks ending July 12, reflecting largely purchases of United States Government securities. Commercial loans, which had shown little change in recent months, increased slightly. Deposits and reserves at these banks rose to new high levels in July, reflecting continued gold imports and Treasury disbursements from its balances at the Reserve Banks.

### Money Rates

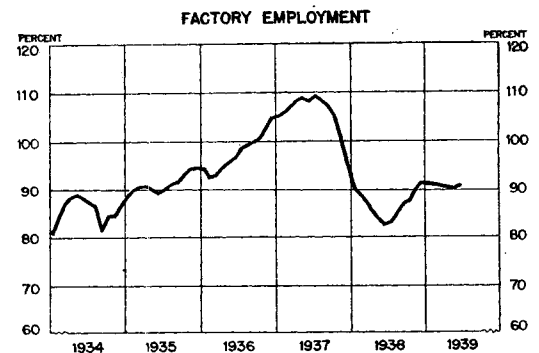
Prices of United States Government securities, which had declined somewhat during June, recovered part of the loss in July. The longest-term Treasury bond outstanding showed a yield of 2.31 per cent on July 20, as compared with a record low of 2.26 on June 5. Open market money rates showed little change.



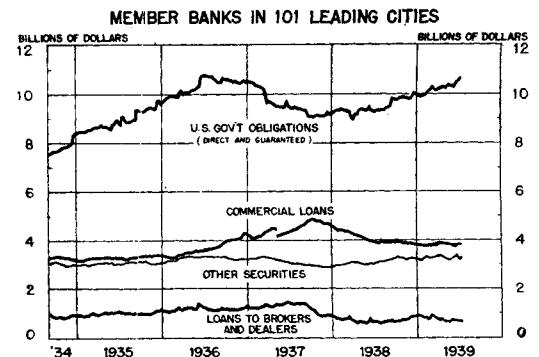
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1939.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1939.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1939.



Wednesday figures for reporting member banks in 101 leading cities, Sept. 5, 1934, to July 12, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.